



General Assembly

January Session, 2011

Raised Bill No. 6470

LCO No. 3528

03528_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

***AN ACT ADOPTING THE NATIONAL ASSOCIATION OF INSURANCE
COMMISSIONERS' INTERSTATE INSURANCE PRODUCT
REGULATION COMPACT.***

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2011*):

2 ARTICLE I

3 PURPOSES

4 The purposes of this compact are, through means of joint and
5 cooperative action among the compacting states:

6 1. To promote and protect the interest of consumers of individual
7 and group annuity, life insurance, disability income and long-term
8 care insurance products;

9 2. To develop uniform standards for insurance products covered
10 under the compact;

11 3. To establish a central clearinghouse to receive and provide
12 prompt review of insurance products covered under the compact and,

13 in certain cases, advertisements related thereto, submitted by insurers
14 authorized to do business in one or more compacting states;

15 4. To give appropriate regulatory approval to those product filings
16 and advertisements satisfying the applicable uniform standard;

17 5. To improve coordination of regulatory resources and expertise
18 between state insurance departments regarding the setting of uniform
19 standards and review of insurance products covered under the
20 compact;

21 6. To create the Interstate Insurance Product Regulation
22 Commission; and

23 7. To perform these and such other related functions as may be
24 consistent with the state regulation of the business of insurance.

25 ARTICLE II

26 DEFINITIONS

27 For purposes of this compact:

28 1. "Advertisement" means any material designed to create public
29 interest in a product, or induce the public to purchase, increase,
30 modify, reinstate, borrow on, surrender, replace or retain a policy, as
31 more specifically defined in the rules and operating procedures of the
32 commission.

33 2. "Bylaws" mean those bylaws established by the commission for its
34 governance, or for directing or controlling the commission's actions or
35 conduct.

36 3. "Compacting state" means any state which has enacted this
37 Compact legislation and which has not withdrawn pursuant to Article
38 XIV, Section A, or been terminated pursuant to Article XIV, Section B.

39 4. "Commission" means the "Interstate Insurance Product

40 Regulation Commission" established by this compact.

41 5. "Commissioner" means the chief insurance regulatory official of a
42 state including, but not limited to, commissioner, superintendent,
43 director or administrator.

44 6. "Domiciliary State" means the state in which an Insurer is
45 incorporated or organized; or, in the case of an alien insurer, its state of
46 entry.

47 7. "Insurer" means any entity licensed by a state to issue contracts of
48 insurance for any of the lines of insurance covered by this compact.

49 8. "Member" means the person chosen by a compacting state as its
50 representative to the commission, or the member's designee.

51 9. "Non-Compacting state" means any state which is not at the time
52 a compacting state.

53 10. "Operating Procedures" mean procedures promulgated by the
54 commission implementing a rule, uniform standard or a provision of
55 this compact.

56 11. "Product" means the form of a policy or contract, including any
57 application, endorsement, or related form which is attached to and
58 made a part of the policy or contract, and any evidence of coverage or
59 certificate, for an individual or group annuity, life insurance, disability
60 income or long-term care insurance product that an Insurer is
61 authorized to issue.

62 12. "Rule" means a statement of general or particular applicability
63 and future effect promulgated by the commission, including a uniform
64 standard developed pursuant to Article VII of this compact, designed
65 to implement, interpret, or prescribe law or policy or describing the
66 organization, procedure, or practice requirements of the commission,
67 which shall have the force and effect of law in the compacting states.

68 13. "State" means any state, district or territory of the United States
69 of America.

70 14. "Third-Party Filer" means an entity that submits a product filing
71 to the commission on behalf of an Insurer.

72 15. "Uniform standard" means a standard adopted by the
73 commission for a product line, pursuant to Article IV of this compact,
74 and shall include all of the product requirements in aggregate;
75 provided, that each uniform standard shall be construed, whether
76 express or implied, to prohibit the use of any inconsistent, misleading
77 or ambiguous provisions in a product and the form of the product
78 made available to the public shall not be unfair, inequitable or against
79 public policy as determined by the commission.

80 ARTICLE III

81 ESTABLISHMENT OF THE INTERSTATE INSURANCE PRODUCT
82 REGULATION COMMISSION AND VENUE

83 1. The compacting states hereby create and establish a joint public
84 agency known as the "Interstate Insurance Product Regulation
85 Commission." Pursuant to Article IV, the commission will have the
86 power to develop uniform standards for product lines, receive and
87 provide prompt review of products filed therewith, and give approval
88 to those product filings satisfying applicable uniform standards;
89 provided, it is not intended for the commission to be the exclusive
90 entity for receipt and review of insurance product filings. Nothing
91 herein shall prohibit any Insurer from filing its product in any state
92 wherein the Insurer is licensed to conduct the business of insurance;
93 and any such filing shall be subject to the laws of the state where filed.

94 2. The Interstate Insurance Product Regulation Commission is a
95 body corporate and politic, and an instrumentality of the compacting
96 states.

97 3. The commission is solely responsible for its liabilities except as

98 otherwise specifically provided in this compact.

99 4. Venue is proper and judicial proceedings by or against the
100 commission shall be brought solely and exclusively in a court of
101 competent jurisdiction where the principal office of the commission is
102 located.

103 ARTICLE IV

104 POWERS OF THE INTERSTATE INSURANCE PRODUCT
105 REGULATION COMMISSION

106 The commission shall have the following powers:

107 1. To promulgate rules, pursuant to Article VII of this compact,
108 which shall have the force and effect of law and shall be binding in the
109 compacting states to the extent and in the manner provided in this
110 compact;

111 2. To exercise its rule-making authority and establish reasonable
112 uniform standards for products covered under the compact, and
113 advertisement related thereto, which shall have the force and effect of
114 law and shall be binding in the compacting states, but only for those
115 products filed with the commission, provided, that a compacting state
116 shall have the right to opt out of any such uniform standard pursuant
117 to Article VII, to the extent and in the manner provided in this
118 compact, and, provided further, that any uniform standard established
119 by the commission for long-term care insurance products may provide
120 the same or greater protections for consumers as, but shall not provide
121 less than, those protections set forth in the National Association of
122 Insurance Commissioners' Long-Term Care Insurance Model Act and
123 Long-Term Care Insurance Model Regulation, respectively, adopted as
124 of 2001. The commission shall consider whether any subsequent
125 amendments to the National Association of Insurance Commissioners
126 Long-Term Care Insurance Model Act or Long-Term Care Insurance
127 Model Regulation adopted by the National Association of Insurance

128 Commissioners require amending of the uniform standards
129 established by the commission for long-term care insurance products;

130 3. To receive and review in an expeditious manner products filed
131 with the commission, and rate filings for disability income and long-
132 term care insurance products, and give approval of those products and
133 rate filings that satisfy the applicable uniform standard, where such
134 approval shall have the force and effect of law and be binding on the
135 compacting states to the extent and in the manner provided in the
136 compact;

137 4. To receive and review in an expeditious manner advertisement
138 relating to long-term care insurance products for which uniform
139 standards have been adopted by the commission, and give approval to
140 all advertisement that satisfies the applicable uniform standard. For
141 any product covered under this compact, other than long-term care
142 insurance products, the commission shall have the authority to require
143 an insurer to submit all or any part of its advertisement with respect to
144 that product for review or approval prior to use, if the commission
145 determines that the nature of the product is such that an advertisement
146 of the product could have the capacity or tendency to mislead the
147 public. The actions of the commission as provided in this section shall
148 have the force and effect of law and shall be binding in the compacting
149 states to the extent and in the manner provided in the compact;

150 5. To exercise its rule-making authority and designate products and
151 advertisement that may be subject to a self-certification process
152 without the need for prior approval by the commission;

153 6. To promulgate operating procedures, pursuant to Article VII of
154 this compact, which shall be binding in the compacting states to the
155 extent and in the manner provided in this compact;

156 7. To bring and prosecute legal proceedings or actions in its name as
157 the commission; provided, that the standing of any state insurance
158 department to sue or be sued under applicable law shall not be

159 affected;

160 8. To issue subpoenas requiring the attendance and testimony of
161 witnesses and the production of evidence;

162 9. To establish and maintain offices;

163 10. To purchase and maintain insurance and bonds;

164 11. To borrow, accept or contract for services of personnel,
165 including, but not limited to, employees of a compacting state;

166 12. To hire employees, professionals or specialists, and elect or
167 appoint officers, and to fix their compensation, define their duties and
168 give them appropriate authority to carry out the purposes of the
169 compact, and determine their qualifications; and to establish the
170 commission's personnel policies and programs relating to, among
171 other things, conflicts of interest, rates of compensation and
172 qualifications of personnel;

173 13. To accept any and all appropriate donations and grants of
174 money, equipment, supplies, materials and services, and to receive,
175 utilize and dispose of the same; provided that at all times the
176 commission shall strive to avoid any appearance of impropriety;

177 14. To lease, purchase, accept appropriate gifts or donations of, or
178 otherwise to own, hold, improve or use, any property, real, personal or
179 mixed; provided that at all times the commission shall strive to avoid
180 any appearance of impropriety;

181 15. To sell, convey, mortgage, pledge, lease, exchange, abandon or
182 otherwise dispose of any property, real, personal or mixed;

183 16. To remit filing fees to compacting states as may be set forth in
184 the bylaws, rules or operating procedures;

185 17. To enforce compliance by compacting states with rules, uniform
186 standards, operating procedures and bylaws;

187 18. To provide for dispute resolution among compacting states;

188 19. To advise compacting states on issues relating to Insurers
189 domiciled or doing business in non-compacting jurisdictions,
190 consistent with the purposes of this compact;

191 20. To provide advice and training to those personnel in state
192 insurance departments responsible for product review, and to be a
193 resource for state insurance departments;

194 21. To establish a budget and make expenditures;

195 22. To borrow money;

23. To appoint committees, including advisory committees comprising members, state insurance regulators, state legislators or their representatives, insurance industry and consumer representatives, and such other interested persons as may be designated in the bylaws;

201 24. To provide and receive information from, and to cooperate with
202 law enforcement agencies;

203 25. To adopt and use a corporate seal; and

204 26. To perform such other functions as may be necessary or
205 appropriate to achieve the purposes of this compact consistent with the
206 state regulation of the business of insurance.

207 ARTICLE V

208 ORGANIZATION OF THE COMMISSION

209 Section A. Membership, Voting and Bylaws

210 1. Each compacting state shall have and be limited to one member.
211 Each member shall be qualified to serve in that capacity pursuant to
212 applicable law of the compacting state. Any member may be removed

213 or suspended from office as provided by the law of the state from
214 which the member is appointed. Any vacancy occurring in the
215 commission shall be filled in accordance with the laws of the
216 compacting state wherein the vacancy exists. Nothing herein shall be
217 construed to affect the manner in which a compacting state determines
218 the election or appointment and qualification of its own commissioner.

219 2. Each member shall be entitled to one vote and shall have an
220 opportunity to participate in the governance of the commission in
221 accordance with the bylaws. Notwithstanding any provision herein to
222 the contrary, no action of the commission with respect to the
223 promulgation of a uniform standard shall be effective unless two-
224 thirds of the members vote in favor thereof.

225 3. The commission shall, by a majority of the members, prescribe
226 bylaws to govern its conduct as may be necessary or appropriate to
227 carry out the purposes, and exercise the powers, of the compact,
228 including, but not limited to:

229 a. Establishing the fiscal year of the commission;

230 b. Providing reasonable procedures for appointing and electing
231 members, as well as holding meetings, of the management committee;

232 c. Providing reasonable standards and procedures: (I) for the
233 establishment and meetings of other committees, and (II) governing
234 any general or specific delegation of any authority or function of the
235 commission;

236 d. Providing reasonable procedures for calling and conducting
237 meetings of the commission that consists of a majority of commission
238 members, ensuring reasonable advance notice of each such meeting
239 and providing for the right of citizens to attend each such meeting
240 with enumerated exceptions designed to protect the public's interest,
241 the privacy of individuals, and insurers' proprietary information,
242 including trade secrets. The commission may meet in camera only after

243 a majority of the entire membership votes to close a meeting in whole
244 or in part. As soon as practicable, the commission must make public (I)
245 a copy of the vote to close the meeting revealing the vote of each
246 member with no proxy votes allowed, and (II) votes taken during such
247 meeting;

248 e. Establishing the titles, duties and authority and reasonable
249 procedures for the election of the officers of the commission;

250 f. Providing reasonable standards and procedures for the
251 establishment of the personnel policies and programs of the
252 commission. Notwithstanding any civil service or other similar laws of
253 any compacting state, the bylaws shall exclusively govern the
254 personnel policies and programs of the commission;

255 g. Promulgating a code of ethics to address permissible and
256 prohibited activities of commission members and employees; and

257 h. Providing a mechanism for winding up the operations of the
258 commission and the equitable disposition of any surplus funds that
259 may exist after the termination of the compact after the payment or
260 reserving of all of its debts and obligations.

261 4. The commission shall publish its bylaws in a convenient form and
262 file a copy thereof and a copy of any amendment thereto, with the
263 appropriate agency or officer in each of the compacting states.

264 Section B. Management Committee, Officers and Personnel

265 1. A management committee comprising no more than fourteen
266 members shall be established as follows:

267 a. One member from each of the six compacting states with the
268 largest premium volume for individual and group annuities, life,
269 disability income and long-term care insurance products, determined
270 from the records of the National Association of Insurance
271 Commissioners for the prior year;

272 b. Four members from those compacting states with at least two per
273 cent of the market based on the premium volume described above,
274 other than the six compacting states with the largest premium volume,
275 selected on a rotating basis as provided in the bylaws; and

276 c. Four members from those compacting states with less than two
277 per cent of the market, based on the premium volume described above,
278 with one selected from each of the four zone regions of the National
279 Association of Insurance Commissioners as provided in the bylaws.

280 2. The management committee shall have such authority and duties
281 as may be set forth in the bylaws, including, but not limited to:

282 a. Managing the affairs of the commission in a manner consistent
283 with the bylaws and purposes of the commission;

284 b. Establishing and overseeing an organizational structure within,
285 and appropriate procedures for, the commission to provide for the
286 creation of uniform standards and other rules, receipt and review of
287 product filings, administrative and technical support functions, review
288 of decisions regarding the disapproval of a product filing, and the
289 review of elections made by a compacting state to opt out of a uniform
290 standard; provided that a uniform standard shall not be submitted to
291 the compacting states for adoption unless approved by two-thirds of
292 the members of the management committee;

293 c. Overseeing the offices of the commission; and

294 d. Planning, implementing, and coordinating communications and
295 activities with other state, federal and local government organizations
296 in order to advance the goals of the commission.

297 3. The commission shall elect annually officers from the
298 management committee, with each having such authority and duties,
299 as may be specified in the bylaws.

300 4. The management committee may, subject to the approval of the

301 commission, appoint or retain an executive director for such period,
302 upon such terms and conditions and for such compensation as the
303 commission may deem appropriate. The executive director shall serve
304 as secretary to the commission, but shall not be a member of the
305 commission. The executive director shall hire and supervise such other
306 staff as may be authorized by the commission.

307 Section C. Legislative and Advisory Committees

308 1. A legislative committee comprising state legislators or their
309 designees shall be established to monitor the operations of, and make
310 recommendations to, the commission, including the management
311 committee; provided that the manner of selection and term of any
312 legislative committee member shall be as set forth in the bylaws. Prior
313 to the adoption by the commission of any uniform standard, revision
314 to the bylaws, annual budget or other significant matter as may be
315 provided in the bylaws, the management committee shall consult with
316 and report to the legislative committee.

317 2. The commission shall establish two advisory committees, one of
318 which shall comprise consumer representatives independent of the
319 insurance industry, and the other comprising insurance industry
320 representatives.

321 3. The commission may establish additional advisory committees as
322 its bylaws may provide for the carrying out of its functions.

323 Section D. Corporate Records of the Commission

324 The commission shall maintain its corporate books and records in
325 accordance with the bylaws.

326 Section E. Qualified Immunity, Defense and Indemnification

327 1. The members, officers, executive director, employees and
328 representatives of the commission shall be immune from suit and
329 liability, either personally or in their official capacity, for any claim for

330 damage to or loss of property or personal injury or other civil liability
331 caused by or arising out of any actual or alleged act, error or omission
332 that occurred, or that the person against whom the claim is made had a
333 reasonable basis for believing occurred within the scope of commission
334 employment, duties or responsibilities; provided, that nothing in this
335 paragraph shall be construed to protect any such person from suit or
336 liability for any damage, loss, injury or liability caused by the
337 intentional or wilful and wanton misconduct of that person.

338 2. The commission shall defend any member, officer, executive
339 director, employee or representative of the commission in any civil
340 action seeking to impose liability arising out of any actual or alleged
341 act, error or omission that occurred within the scope of commission
342 employment, duties or responsibilities, or that the person against
343 whom the claim is made had a reasonable basis for believing occurred
344 within the scope of commission employment, duties or responsibilities;
345 provided, that nothing herein shall be construed to prohibit that
346 person from retaining counsel; and provided further, that the actual or
347 alleged act, error or omission did not result from that person's
348 intentional or wilful and wanton misconduct.

349 3. The commission shall indemnify and hold harmless any member,
350 officer, executive director, employee or representative of the
351 commission for the amount of any settlement or judgment obtained
352 against that person arising out of any actual or alleged act, error or
353 omission that occurred within the scope of commission employment,
354 duties or responsibilities, or that such person had a reasonable basis
355 for believing occurred within the scope of commission employment,
356 duties or responsibilities, provided, that the actual or alleged act, error
357 or omission did not result from the intentional or wilful and wanton
358 misconduct of that person.

359 ARTICLE VI

360 MEETINGS AND ACTS OF THE COMMISSION

361 1. The commission shall meet and take such actions as are consistent
362 with the provisions of this compact and the bylaws.

2. Each member of the commission shall have the right and power to cast a vote to which that compacting state is entitled and to participate in the business and affairs of the commission. A member shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for members' participation in meetings by telephone or other means of communication.

369 3. The commission shall meet at least once during each calendar
370 year. Additional meetings shall be held as set forth in the bylaws.

371 ARTICLE VII

372 RULES AND OPERATING PROCEDURES: RULEMAKING
373 FUNCTIONS OF THE COMMISSION AND OPTING OUT OF
374 UNIFORM STANDARDS

1. The commission shall promulgate reasonable rules, including uniform standards, and operating procedures in order to effectively and efficiently achieve the purposes of this compact. Notwithstanding the foregoing, in the event the commission exercises its rulemaking authority in a manner that is beyond the scope of the purposes of this compact, or the powers granted hereunder, then such an action by the commission shall be invalid and have no force and effect.

2. Rules and operating procedures shall be made pursuant to a rulemaking process that conforms to the Model State Administrative Procedure Act of 1981 as amended, as may be appropriate to the operations of the commission. Before the commission adopts a uniform standard, the commission shall give written notice to the relevant state legislative committees in each compacting state responsible for insurance issues of its intention to adopt the uniform standard. The commission in adopting a uniform standard shall consider fully all submitted materials and issue a concise explanation of its decision.

391 3. A uniform standard shall become effective ninety days after its
392 promulgation by the commission or such later date as the commission
393 may determine; provided, however, that a compacting state may opt
394 out of a uniform standard as provided in this article. "Opt out" shall be
395 defined as any action by a compacting state to decline to adopt or
396 participate in a promulgated uniform standard. All other rules and
397 operating procedures, and amendments thereto, shall become effective
398 as of the date specified in each rule, operating procedure or
399 amendment.

400 4. A compacting state may opt out of a uniform standard, either by
401 legislation or regulation duly promulgated by the Insurance
402 Department under the compacting state's administrative procedure
403 act. If a compacting state elects to opt out of a uniform standard by
404 regulation, it must (a) give written notice to the commission no later
405 than ten business days after the uniform standard is promulgated, or
406 at the time the state becomes a compacting state, and (b) find that the
407 uniform standard does not provide reasonable protections to the
408 citizens of the state, given the conditions in the state. The
409 commissioner shall make specific findings of fact and conclusions of
410 law, based on a preponderance of the evidence, detailing the
411 conditions in the state which warrant a departure from the uniform
412 standard and determining that the uniform standard would not
413 reasonably protect the citizens of the state. The commissioner must
414 consider and balance the following factors and find that the conditions
415 in the state and needs of the citizens of the state outweigh: (I) The
416 intent of the legislature to participate in, and the benefits of, an
417 interstate agreement to establish national uniform consumer
418 protections for the products subject to this compact; and (II) the
419 presumption that a uniform standard adopted by the commission
420 provides reasonable protections to consumers of the relevant product.
421 Notwithstanding the foregoing, a compacting state may, at the time of
422 its enactment of this compact, prospectively opt out of all uniform
423 standards involving long-term care insurance products by expressly
424 providing for such opt out in the enacted compact, and such an opt out

425 shall not be treated as a material variance in the offer or acceptance of
426 any state to participate in this compact. Such an opt out shall be
427 effective at the time of enactment of this compact by the compacting
428 state and shall apply to all existing uniform standards involving long-
429 term care insurance products and those subsequently promulgated.

430 5. If a compacting state elects to opt out of a uniform standard, the
431 uniform standard shall remain applicable in the compacting state
432 electing to opt out until such time the opt out legislation is enacted into
433 law or the regulation opting out becomes effective. Once the opt out of
434 a uniform standard by a compacting state becomes effective as
435 provided under the laws of that state, the uniform standard shall have
436 no further force and effect in that state unless and until the legislation
437 or regulation implementing the opt out is repealed or otherwise
438 becomes ineffective under the laws of the state. If a compacting state
439 opts out of a uniform standard after the uniform standard has been
440 made effective in that state, the opt out shall have the same prospective
441 effect as provided under Article XIV for withdrawals.

442 6. If a compacting state has formally initiated the process of opting
443 out of a uniform standard by regulation, and while the regulatory opt
444 out is pending, the compacting state may petition the commission, at
445 least fifteen days before the effective date of the uniform standard, to
446 stay the effectiveness of the uniform standard in that state. The
447 commission may grant a stay if it determines the regulatory opt out is
448 being pursued in a reasonable manner and there is a likelihood of
449 success. If a stay is granted or extended by the commission, the stay or
450 extension thereof may postpone the effective date by up to ninety
451 days, unless affirmatively extended by the commission; provided, a
452 stay may not be permitted to remain in effect for more than one year
453 unless the compacting state can show extraordinary circumstances
454 which warrant a continuance of the stay, including, but not limited to,
455 the existence of a legal challenge which prevents the compacting state
456 from opting out. A stay may be terminated by the commission upon
457 notice that the rulemaking process has been terminated.

7. Not later than thirty days after a rule or operating procedure is promulgated, any person may file a petition for judicial review of the rule or operating procedure; provided, that the filing of such a petition shall not stay or otherwise prevent the rule or operating procedure from becoming effective unless the court finds that the petitioner has a substantial likelihood of success. The court shall give deference to the actions of the commission consistent with applicable law and shall not find the rule or operating procedure to be unlawful if the rule or operating procedure represents a reasonable exercise of the commission's authority.

ARTICLE VIII

COMMISSION RECORDS AND ENFORCEMENT

1. The commission shall promulgate rules establishing conditions and procedures for public inspection and copying of its information and official records, except such information and records involving the privacy of individuals and insurers' trade secrets. The commission may promulgate additional rules under which it may make available to federal and state agencies, including law enforcement agencies, records and information otherwise exempt from disclosure, and may enter into agreements with such agencies to receive or exchange information or records subject to nondisclosure and confidentiality provisions.

2. Except as to privileged records, data and information, the laws of any compacting state pertaining to confidentiality or nondisclosure shall not relieve any compacting state commissioner of the duty to disclose any relevant records, data or information to the commission; provided, that disclosure to the commission shall not be deemed to waive or otherwise affect any confidentiality requirement; and further provided, that, except as otherwise expressly provided in this compact, the commission shall not be subject to the compacting state's laws pertaining to confidentiality and nondisclosure with respect to records, data and information in its possession. Confidential information of the

490 commission shall remain confidential after such information is
491 provided to any commissioner.

492 3. The commission shall monitor compacting states for compliance
493 with duly adopted bylaws, rules, including uniform standards, and
494 operating procedures. The commission shall notify any non-complying
495 compacting state in writing of its noncompliance with commission
496 bylaws, rules or operating procedures. If a non-complying compacting
497 state fails to remedy its noncompliance within the time specified in the
498 notice of noncompliance, the compacting state shall be deemed to be in
499 default as set forth in Article XIV.

500 4. The commissioner of any state in which an insurer is authorized
501 to do business, or is conducting the business of insurance, shall
502 continue to exercise the commissioner's authority to oversee the
503 market regulation of the activities of the insurer in accordance with the
504 provisions of the state's law. The commissioner's enforcement of
505 compliance with the compact is governed by the following provisions:

506 a. With respect to the commissioner's market regulation of a product
507 or advertisement that is approved or certified to the commission, the
508 content of the product or advertisement shall not constitute a violation
509 of the provisions, standards or requirements of the compact except
510 upon a final order of the commission, issued at the request of a
511 commissioner after prior notice to the insurer and an opportunity for
512 hearing before the commission.

513 b. Before a commissioner may bring an action for violation of any
514 provision, standard or requirement of the compact relating to the
515 content of an advertisement not approved or certified to the
516 commission, the commission, or an authorized commission officer or
517 employee, must authorize the action. However, authorization
518 pursuant to this paragraph does not require notice to the insurer,
519 opportunity for hearing or disclosure of requests for authorization or
520 records of the commission's action on such requests.

521 ARTICLE IX

522 DISPUTE RESOLUTION

523 The commission shall attempt, upon the request of a member, to
524 resolve any disputes or other issues that are subject to this compact
525 and which may arise between two or more compacting states, or
526 between compacting states and non-compacting states, and the
527 commission shall promulgate an operating procedure providing for
528 resolution of such disputes.

529 ARTICLE X

530 PRODUCT FILING AND APPROVAL

531 1. Insurers and third-party filers seeking to have a product
532 approved by the commission shall file the product with, and pay
533 applicable filing fees to, the commission. Nothing in this compact shall
534 be construed to restrict or otherwise prevent an insurer from filing its
535 product with the insurance department in any state wherein the
536 insurer is licensed to conduct the business of insurance, and such filing
537 shall be subject to the laws of the states where filed.

538 2. The commission shall establish appropriate filing and review
539 processes and procedures pursuant to commission rules and operating
540 procedures. Notwithstanding any provision herein to the contrary, the
541 commission shall promulgate rules to establish conditions and
542 procedures under which the commission will provide public access to
543 product filing information. In establishing such rules, the commission
544 shall consider the interests of the public in having access to such
545 information, as well as protection of personal medical and financial
546 information and trade secrets, that may be contained in a product
547 filing or supporting information.

548 3. Any product approved by the commission may be sold or
549 otherwise issued in those compacting states for which the insurer is
550 legally authorized to do business.

551

ARTICLE XI

552

REVIEW OF COMMISSION DECISIONS REGARDING FILINGS

553

554 1. Not later than thirty days after the commission has given notice of
555 a disapproved product or advertisement filed with the commission,
556 the insurer or third party filer whose filing was disapproved may
557 appeal the determination to a review panel appointed by the
558 commission. The commission shall promulgate rules to establish
559 procedures for appointing such review panels and provide for notice
560 and hearing. An allegation that the commission, in disapproving a
561 product or advertisement filed with the commission, acted arbitrarily,
562 capriciously, or in a manner that is an abuse of discretion or otherwise
563 not in accordance with the law, is subject to judicial review in
564 accordance with Article III, section 4.

564

565 2. The commission shall have authority to monitor, review and
566 reconsider products and advertisement subsequent to their filing or
567 approval upon a finding that the product does not meet the relevant
568 uniform standard. Where appropriate, the commission may withdraw
569 or modify its approval after proper notice and hearing, subject to the
570 appeal process in section 1 of this article.

570

ARTICLE XII

571

FINANCE

572

573 1. The commission shall pay or provide for the payment of the
574 reasonable expenses of its establishment and organization. To fund the
575 cost of its initial operations, the commission may accept contributions
576 and other forms of funding from the National Association of Insurance
577 Commissioners, compacting states and other sources. Contributions
578 and other forms of funding from other sources shall be of such a
579 nature that the independence of the commission concerning the
580 performance of its duties shall not be compromised.

580

2. The commission shall collect a filing fee from each insurer and

581 third party filer filing a product with the commission to cover the cost
582 of the operations and activities of the commission and its staff in a total
583 amount sufficient to cover the commission's annual budget.

584 3. The commission's budget for a fiscal year shall not be approved
585 until it has been subject to notice and comment as set forth in Article
586 VII of this compact.

587 4. The commission shall be exempt from all taxation in and by the
588 compacting states.

589 5. The commission shall not pledge the credit of any compacting
590 state, except by and with the appropriate legal authority of that
591 compacting state.

592 6. The commission shall keep complete and accurate accounts of all
593 its internal receipts, including grants and donations, and
594 disbursements of all funds under its control. The internal financial
595 accounts of the commission shall be subject to the accounting
596 procedures established under its bylaws. The financial accounts and
597 reports including the system of internal controls and procedures of the
598 commission shall be audited annually by an independent certified
599 public accountant. Upon the determination of the commission, but no
600 less frequently than every three years, the review of the independent
601 auditor shall include a management and performance audit of the
602 commission. The commission shall make an annual report to the
603 governor and legislature of the compacting states, which shall include
604 a report of the independent audit. The commission's internal accounts
605 shall not be confidential and such materials may be shared with the
606 commissioner of any compacting state upon request provided,
607 however, that any work papers related to any internal or independent
608 audit and any information regarding the privacy of individuals and
609 insurers' proprietary information, including trade secrets, shall remain
610 confidential.

611 7. No compacting state shall have any claim to or ownership of any

612 property held by or vested in the commission or to any commission
613 funds held pursuant to the provisions of this compact.

614 ARTICLE XIII

615 COMPACTING STATES, EFFECTIVE DATE AND AMENDMENT

616 1. Any state is eligible to become a compacting state.

617 2. The compact shall become effective and binding upon legislative
618 enactment of the compact into law by two compacting states;
619 provided, the commission shall become effective for purposes of
620 adopting uniform standards for, reviewing, and giving approval or
621 disapproval of, products filed with the commission that satisfy
622 applicable uniform standards only after twenty-six states are
623 compacting states or, alternatively, by states representing greater than
624 forty per cent of the premium volume for life insurance, annuity,
625 disability income and long-term care insurance products, based on
626 records of the National Association of Insurance Commissioners for
627 the prior year. Thereafter, it shall become effective and binding as to
628 any other compacting state upon enactment of the compact into law by
629 that state.

630 3. Amendments to the compact may be proposed by the commission
631 for enactment by the compacting states. No amendment shall become
632 effective and binding upon the commission and the compacting states
633 unless and until all compacting states enact the amendment into law.

634 ARTICLE XIV

635 WITHDRAWAL, DEFAULT AND DISSOLUTION

636 Section A. Withdrawal

637 1. Once effective, the compact shall continue in force and remain
638 binding upon each and every compacting state; provided, that a
639 compacting state may withdraw from the compact by enacting a

640 statute specifically repealing the statute which enacted the compact
641 into law.

642 2. The effective date of withdrawal is the effective date of the
643 repealing statute. However, the withdrawal shall not apply to any
644 product filings approved or self-certified, or any advertisement of such
645 products, on the date the repealing statute becomes effective, except by
646 mutual agreement of the commission and the withdrawing state unless
647 the approval is rescinded by the withdrawing state as provided in
648 subdivision 5 of this section.

649 3. The commissioner of the withdrawing state shall immediately
650 notify the management committee in writing upon the introduction of
651 legislation repealing this compact in the withdrawing state.

652 4. The commission shall notify the other compacting states of the
653 introduction of such legislation within ten days after its receipt of
654 notice thereof.

655 5. The withdrawing state is responsible for all obligations, duties
656 and liabilities incurred through the effective date of withdrawal,
657 including any obligations, the performance of which extend beyond
658 the effective date of withdrawal, except to the extent those obligations
659 may have been released or relinquished by mutual agreement of the
660 commission and the withdrawing state. The commission's approval of
661 products and advertisement prior to the effective date of withdrawal
662 shall continue to be effective and be given full force and effect in the
663 withdrawing state, unless formally rescinded by the withdrawing state
664 in the same manner as provided by the laws of the withdrawing state
665 for the prospective disapproval of products or advertisement
666 previously approved under state law.

667 6. Reinstatement following withdrawal of any compacting state
668 shall occur upon the effective date of the withdrawing state reenacting
669 the compact.

670 Section B. Default

671 1. If the commission determines that any compacting state has at
672 any time defaulted in the performance of any of its obligations or
673 responsibilities under this compact, the bylaws or duly promulgated
674 rules or operating procedures, then, after notice and hearing as set
675 forth in the bylaws, all rights, privileges and benefits conferred by this
676 compact on the defaulting state shall be suspended from the effective
677 date of default as fixed by the commission. The grounds for default
678 include, but are not limited to, failure of a compacting state to perform
679 its obligations or responsibilities, and any other grounds designated in
680 commission rules. The commission shall immediately notify the
681 defaulting state in writing of the defaulting state's suspension pending
682 a cure of the default. The commission shall stipulate the conditions and
683 the time period within which the defaulting state must cure its default.
684 If the defaulting state fails to cure the default within the time period
685 specified by the commission, the defaulting state shall be terminated
686 from the compact and all rights, privileges and benefits conferred by
687 this compact shall be terminated from the effective date of termination.

688 2. Product approvals by the commission or product self-
689 certifications, or any advertisement in connection with such product,
690 that are in force on the effective date of termination shall remain in
691 force in the defaulting state in the same manner as if the defaulting
692 state had withdrawn voluntarily pursuant to section 1 of this article.

693 3. Reinstatement following termination of any compacting state
694 requires a reenactment of the compact.

695 Section C. Dissolution of Compact

696 1. The compact dissolves effective upon the date of the withdrawal
697 or default of the compacting state which reduces membership in the
698 compact to one compacting state.

699 2. Upon the dissolution of this compact, the compact becomes null

700 and void and shall be of no further force or effect, and the business and
701 affairs of the commission shall be wound up and any surplus funds
702 shall be distributed in accordance with the bylaws.

703 ARTICLE XV

704 SEVERABILITY AND CONSTRUCTION

705 1. The provisions of this compact shall be severable; and if any
706 phrase, clause, sentence or provision is deemed unenforceable, the
707 remaining provisions of the compact shall be enforceable.

708 2. The provisions of this compact shall be liberally construed to
709 effectuate its purposes.

710 ARTICLE XVI

711 BINDING EFFECT OF COMPACT AND OTHER LAWS

712 Section A. Other Laws

713 1. Nothing herein prevents the enforcement of any other law of a
714 compacting state, except as provided in subdivision 2 of this section.

715 2. For any product approved or certified to the commission, the
716 rules, uniform standards and any other requirements of the
717 commission shall constitute the exclusive provisions applicable to the
718 content, approval and certification of such products. For an
719 advertisement that is subject to the commission's authority, any rule,
720 uniform standard or other requirement of the commission which
721 governs the content of the advertisement shall constitute the exclusive
722 provision that a commissioner may apply to the content of the
723 advertisement. Notwithstanding the foregoing, no action taken by the
724 commission shall abrogate or restrict: (a) The access of any person to
725 state courts; (b) remedies available under state law related to breach of
726 contract, tort, or other laws not specifically directed to the content of
727 the product; (c) state law relating to the construction of insurance

728 contracts; or (d) the authority of the attorney general of the state,
729 including, but not limited to, maintaining any actions or proceedings,
730 as authorized by law.

731 3. All insurance products filed with individual states shall be subject
732 to the laws of those states.

733 Section B. Binding Effect of this Compact

734 1. All lawful actions of the commission, including all rules and
735 operating procedures promulgated by the commission, are binding
736 upon the compacting states.

737 2. All agreements between the commission and the compacting
738 states are binding in accordance with their terms.

739 3. Upon the request of a party to a conflict over the meaning or
740 interpretation of commission actions, and upon a majority vote of the
741 compacting states, the commission may issue advisory opinions
742 regarding the meaning or interpretation in dispute.

743 4. In the event any provision of this compact exceeds the
744 constitutional limits imposed on the legislature of any compacting
745 state, the obligations, duties, powers or jurisdiction sought to be
746 conferred by that provision upon the commission shall be ineffective
747 as to that compacting state, and those obligations, duties, powers or
748 jurisdiction shall remain in the compacting state and shall be exercised
749 by the agency thereof to which those obligations, duties, powers or
750 jurisdiction are delegated by law in effect at the time this compact
751 becomes effective.

752 APPENDIX A

753 Pursuant to terms and conditions of this compact, the state of
754 Connecticut seeks to join with other states and establish the Interstate
755 Insurance Product Regulation Compact, and thus become a member of
756 the Interstate Insurance Product Regulation Commission. The

757 Insurance Commissioner is hereby designated to serve as the
758 representative of this state to the commission.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2011</i>	New section
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Statement of Purpose:

To adopt the National Association of Insurance Commissioners' Interstate Insurance Product Regulation Compact.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]